

Senate File 454 - Introduced

SENATE FILE 454

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1254)

A BILL FOR

- 1 An Act relating to the assessment and taxation of
- 2 telecommunications company property, establishing a study,
- 3 and including applicability provisions.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 433.4, Code 2013, is amended to read as
2 follows:

3 **433.4 Assessment.**

4 1. The director of revenue shall on or before October 31
5 each year, proceed to find the actual value of the property of
6 these companies in this state that is used by the companies in
7 the transaction of telegraph and telephone business, taking
8 into consideration the information obtained from the statements
9 required, and any further information the director can obtain,
10 using the same as a means for determining the actual ~~cash~~ value
11 of the property of these companies within this state. The
12 director shall also take into consideration the valuation of
13 all property of these companies, including franchises and the
14 use of the property in connection with lines outside the state,
15 and making these deductions as may be necessary on account of
16 extra value of property outside the state as compared with
17 the value of property in the state, in order that the actual
18 ~~cash~~ value of the property of the company within this state
19 may be ascertained. The assessment shall include all property
20 of every kind and character whatsoever, real, personal, or
21 mixed, used by the companies in the transaction of telegraph
22 and telephone business; ~~and the.~~ The property so included in
23 the assessment shall not be taxed in any other manner than as
24 provided in this chapter.

25 2. For each assessment year beginning on or after January
26 1, 2014, each company assessed for taxation under this chapter
27 shall receive a partial exemption from taxation on the value
28 of the company's property. The amount of the exemption for
29 each company shall be equal to the lesser of seventy-five
30 percent of the actual value of the property of such company
31 for that assessment year, as determined under subsection 1, or
32 twenty-five million two hundred fifty thousand dollars.

33 Sec. 2. Section 433.5, Code 2013, is amended to read as
34 follows:

35 **433.5 Actual value per mile — exemption value per mile.**

1 1. The director of revenue shall ascertain the actual value
 2 per mile of the property of each ~~of said companies~~ company
 3 within this state by dividing the total actual value, as ~~above~~
 4 ascertained under section 433.4, subsection 1, by the number of
 5 miles of line of such company within the state, and the result
 6 shall be deemed and held to be the actual value per mile of line
 7 of the property of such company within this state.

8 2. The director of revenue shall ascertain the exemption
 9 value per mile of the property of each company within this
 10 state by dividing the amount of the exemption for that company
 11 determined under section 433.4, subsection 2, by the number of
 12 miles of line of such company within the state, and the result
 13 shall be deemed and held to be the exemption value per mile of
 14 line for that company.

15 Sec. 3. Section 433.8, Code 2013, is amended to read as
 16 follows:

17 **433.8 Assessment in each county — how certified.**

18 The director of revenue shall, for the purpose of
 19 determining what amount shall be assessed to ~~any one of said~~
 20 ~~companies~~ each company in each county of the state into which
 21 the line of the said company extends, ~~multiply the assessed~~
 22 ~~or taxable value per mile of line of said company, as above~~
 23 ~~ascertained, by the number of miles in each of said counties,~~
 24 ~~and the result thereof shall be by the director certified~~
 25 certify to the several county auditors of the respective
 26 counties into, over, or through which said line extends
 27 the number of miles of line in the county for that company,
 28 the actual value per mile of line for that company, and the
 29 exemption value per mile of line for that company.

30 Sec. 4. Section 433.9, Code 2013, is amended to read as
 31 follows:

32 **433.9 Entry of certificate.**

33 At the first meeting of the board of supervisors held after
 34 ~~such statement~~ the certification made under section 433.8 is
 35 received by the county auditor, it shall cause such statement

1 certification to be entered in its minute book, and make and
2 enter therein an order stating the length of the lines and the
3 ~~assessed~~ actual value of the property of each of said companies
4 situated in each city, township, or lesser taxing district
5 in its county, as fixed by the director of revenue, ~~which~~.
6 The value certified by the director of revenue, following
7 application of the percentage of actual value under section
8 441.21, and following the application of the exemption value
9 certified by the director of revenue, shall constitute the
10 taxable value of said property for taxing purposes, and the
11 taxes on said property when collected by the county treasurer
12 shall be disposed of as other taxes on real estate. The county
13 auditor shall transmit a copy of said order to the council or
14 trustees of each city or township in which the lines of said
15 company extend.

16 Sec. 5. REPEAL. Section 433.6, Code 2013, is repealed.

17 Sec. 6. PROPERTY TAXATION OF TELECOMMUNICATIONS COMPANIES
18 STUDY — REPORT.

19 1. a. The department of revenue, in consultation with
20 the department of management, representatives of companies
21 providing telecommunications services in this state by
22 any means, including but not limited to mobile, wireless,
23 voice over internet protocol, and landline, and other
24 interested persons shall study the current system of assessing
25 telecommunications company property and levying property tax
26 against companies that provide telecommunications services in
27 this state and make recommendations for changes.

28 b. The department of revenue shall prepare and file a report
29 detailing recommendations for changes to the current system
30 of assessing telecommunications company property and levying
31 property tax against companies providing telecommunications
32 services in this state. The report shall also include
33 recommendations for establishing methods to provide
34 equivalent property tax treatment for all companies providing
35 telecommunications services in this state and recommendations

1 for apportioning property tax revenues to the appropriate
2 local taxing authorities in the state. The report shall also
3 include proposed legislation to implement the recommendations
4 contained in the report. The report shall be filed by the
5 department of revenue with the chairpersons and ranking members
6 of the ways and means committees of the senate and the house
7 of representatives and with the legislative services agency by
8 August 1, 2015.

9 c. Upon receipt of the report by the chairpersons and
10 ranking members of the ways and means committees under
11 paragraph "b", a legislative telecommunications company
12 property tax review committee consisting of six members of
13 the general assembly, two appointed by the majority leader
14 of the senate, one appointed by the minority leader of
15 the senate, two appointed by the speaker of the house of
16 representatives, and one appointed by the minority leader of
17 the house of representatives shall review the information and
18 recommendations contained in the report. The department of
19 revenue shall provide additional information and analysis to
20 the review committee or the general assembly upon request of
21 the review committee.

22 2. Each company providing telecommunications services in
23 this state by any means, including but not limited to mobile,
24 wireless, voice over internet protocol, and landline, shall on
25 or before a date specified by the director of revenue submit
26 to the department of revenue such information determined by
27 the director of revenue to be necessary to facilitate the
28 creation of the report required under this section, including
29 customer place of primary use information and customer service
30 address information within the meaning of section 423.20.
31 However, such companies shall not be required to resubmit any
32 information that was submitted to the director of revenue
33 pursuant to the requirements of chapter 433. Information
34 provided to the department under this section shall be verified
35 by the company's president or secretary. The confidentiality

1 provisions of sections 422.20 and 422.72 apply to all
2 information received by the department of revenue for purposes
3 of the report pursuant to this section and pursuant to chapter
4 433, if applicable.

5 Sec. 7. IMPLEMENTATION. Section 25B.7 shall not apply to
6 this Act.

7 Sec. 8. APPLICABILITY. This Act, except for the
8 section of this Act requiring the department of revenue
9 to study and report on the system for assessing and taxing
10 telecommunications company property, applies to assessment
11 years beginning on or after January 1, 2014.

12 EXPLANATION

13 This bill relates to the assessment and taxation of property
14 of companies that provide telecommunications services in this
15 state.

16 Under the bill, for assessment years beginning on or after
17 January 1, 2014, each telecommunications company assessed
18 for taxation under Code chapter 433 shall receive a partial
19 exemption from taxation on the value of the company's property.
20 The amount of the exemption for each company shall be equal to
21 the lesser of 75 percent of the actual value of the property of
22 such company for that assessment year or \$25,250,000.

23 The bill specifies the manner in which valuations and
24 exemption amounts are certified to local taxing jurisdictions
25 and the manner in which taxable value of telecommunications
26 company property is determined.

27 The bill requires the department of revenue, in consultation
28 with the department of management, representatives of companies
29 providing telecommunications services in this state, and other
30 interested persons to study the current system of assessing
31 telecommunications company property and levying property tax
32 against companies that provide telecommunications services
33 in this state and to make recommendations for changes. The
34 department of revenue is required to prepare and file a report
35 detailing recommendations for changes to the current system

1 of assessing telecommunications company property and levying
2 property tax against companies providing telecommunications
3 services in this state. The report must also include
4 recommendations for establishing methods to provide
5 equivalent property tax treatment for all companies providing
6 telecommunications services in this state and recommendations
7 for apportioning property tax revenues to the appropriate
8 local taxing authorities in the state. The report is further
9 required to include proposed legislation to implement the
10 recommendations contained in the report. The report must be
11 filed by the department of revenue with the chairpersons and
12 ranking members of the ways and means committees of the senate
13 and the house of representatives and with the legislative
14 services agency by August 1, 2015.

15 Upon receipt of the report by the chairpersons and ranking
16 members of the ways and means committees, a legislative
17 committee consisting of six members of the general assembly,
18 two appointed by the majority leader of the senate, one
19 appointed by the minority leader of the senate, two
20 appointed by the speaker of the house of representatives,
21 and one appointed by the minority leader of the house of
22 representatives, shall hold at least three meetings to review
23 the information and recommendations contained in the report.

24 The bill also includes requirements for each company
25 providing telecommunications services in this state to submit
26 information to the department of revenue to facilitate the
27 creation of the report. The confidentiality provisions of Code
28 sections 422.20 and 422.72 apply to all information received by
29 the department of revenue for purposes of the report.

30 The bill provides that Code section 25B.7, relating to the
31 obligation of the state to reimburse local jurisdictions for
32 property tax credits and exemptions enacted on or after January
33 1, 1997, does not apply to the exemption in the bill.

34 Except for the portion of the bill relating to the department
35 of revenue study and report, the bill applies to assessment

S.F. 454

1 years beginning on or after January 1, 2014.